



# ESG REPORT

# 2022



# Letter to stakeholders

Dear All,

2022 has been a rewarding year, marked by both **portfolio expansion** and significant accomplishments in relation to our **responsible investment activity**.

We acknowledge that the **incorporation of ESG factors** (Environmental, Social, Governance) within our investment strategy is key to create **growth opportunities for our Portfolio Companies**, manage linked risks and leverage on opportunities. Our goal is to support our portfolio in getting prepared to face future challenges while generating long-lasting value for stakeholders.

Within the present Annual Report, we describe our responsible investment strategy and our commitment towards integrating ESG factors into our business and investment process. To reinforce our engagement in promoting responsible investment activity, we became **signatory of the Principles for Responsible Investment** ("PRI") promoted by the United Nations. Following the release of the updated PRI framework in January 2023, we will **submit our first PRI questionnaire in 2023**.

In 2022, we reviewed the ESG roadmap, in order to **align it to the Bank of Italy's Supervisory Expectations on Climate and Environmental risks**. The update of our ESG Roadmap represents the first step of the integration process of climate related risks and opportunities into our responsible investment strategy, that will be formalized and implemented in 2023.

At fund level, we have continued to promote a responsible investment approach by **integrating ESG factors throughout all investment phases**, for instance, by **performing ESG due diligences for all potential investments**, and by engaging with our portfolio companies through the definition of **ESG action plans** and a **proprietary ESG performance monitoring process**.

We are proud of what we achieved so far, and we look forward to continuing our ESG path, with the knowledge that we have laid solid bases to seize opportunities for growth.



**Domenico Tonussi**  
Managing Director



# **1. ITAGO at glance**

# 1. ITAGO at glance

## Introducing our Business



We are an independent private equity firm focused on supporting the growth of small and medium Italian companies through the support of a consolidated network of entrepreneurs, professionals and managers.



### Investment Focus

- Investments in **Italian SMEs** with **turnover between € 10/100 million** and a **strong export focus**.
- Growth projects through **build-up strategy and geographical expansion**, companies which are **champions in niche markets** with entry barriers and show a **technical competitive edge**.



### Strategy

- **Growth capital deals**, shareholders replacement, buy-outs, MBI-MBOs for mainly **majority stakes** or minority shareholding;
- **Risk-adverse approach**: limited use of leverage and use of mechanisms to maintain value in the medium to long-term period;
- **Active participation in investees**, supporting them in their strategic development and value creation;
- Clear and predefined **exit strategy** and governance rules with the remaining entrepreneur.



### Value creation

- Clear **strategy** for **value creation also through ESG Factors**, targeting an increase of the competitive positioning;
- Provision of **support to managers** in key decisions for the achievement of the business plan;
- Contribution to managerial strengthening by **implementing HR policies** and long-term incentive plans.
- Promotion of a **clear governance structure** preserving company's core values and improving working environment.

2

OFFICES IN ITALY  
(MILAN AND VENICE)

307

MILLIONS OF €  
INVESTED

36

PERFORMED  
INVESTMENTS

# 1. ITAGO at glance

## Our ESG Achievements

ITAGO SGR recognizes that the **integration of ESG** (Environmental, Social, Governance) **factors** into its **investment and ownership strategy**, represents a crucial step to identify and support the development of potential and current portfolio companies within the world of Italian SMEs. ESG represents a key area to cultivate growth opportunities for companies, manage risks and leverage on opportunities with the goal of generating long term value for our stakeholders.

For this reason, **ITAGO has undertaken an ESG path** combining the **alignment to the latest regulation's** requirements (i.e., Regulation EU 2088/2019 or "SFDR") with **ESG initiatives both at Asset Manager and Fund level**, as described below.



# 1. ITAGO at glance

## 2022 Highlights

### Key performance data at asset manager level\*

€26.9M

Asset under Management (AUM)

1

Managed Private Equity Fund positioned in art.6 of the SFRD

4

Portfolio Companies  
*See next slide*

### Key performance data at portfolio level\*

100%

ESG Due Diligence on new investments

100%

\*\*ESG Data Collection performed on all Portfolio Companies

50%

ESG Action Plans developed and/or implemented by two out of four PCs

*\*Key performance data at 31.12.2022*

*\*\*Since Eco-Techno was acquired in December 2022, the company has not been subject to the 2022 ESG performance monitoring activity. Starting from 2023, the activity will be extended also to Eco-techno.*

*During 2022, Teknoice developed an ESG Action plan, whereas SR Mecatronic started its implementation. Eco-Techno and Operamed, will develop their ESG Action Plans in 2023.*

# 1. ITAGO at glance

## Our portfolio

Our currently active portfolio is ITAGO IV, focused on Italian SMEs that have elements of excellence in their product and/or technology offering facilitating processes of generational change, internationalization and external growth.

### ITAGO IV composition as of 31 December 2022:



**SR Mechatronic Group** is active in the field of accessories for motorhomes and caravans and in the production of satellite antennas, stabilization systems, air conditioners and systems and home automation for campers and caravans and has achieved significant market shares abroad (Europe and Australia).



**Teknoice** is the Italian leader and third world player in machinery and systems for the industrial production of packaged ice cream. The company is the expression of the best Italian technology in the world of refrigeration, mixing, extrusion, hardening and packaging of ice cream cones, bars, sticks and tubs.



**Operamed** is a leading company in the Italian and international market, active in the design and installation of outdoor and indoor modular solutions in the healthcare sector. Operamed designs, supplies and installs turnkey modular systems for critical hospital areas.

Date of Acquisition: 12/2022



**Eco-Techno** is an Italian leader in the water management sector, active since 1984, for the recycle of wastewater and raw materials through vacuum evaporators and bio depuration. The company designs and manufactures vacuum evaporators and concentrators.



## **2. ESG Framework**



# 2. ESG Framework

## ITAGO Mission and objectives

### Our Mission

**Our mission** is to **support companies** whose strategy is focused **on a product, process and or technology characterized by a competitive edge, innovation and managerial approach.**



We carry out investment activities taking into account the growing centrality of **sustainability issues** linked to the main **market drivers**, the needs expressed by our **stakeholders** and the latest **regulatory developments.**

### Our ESG Objectives

Companies in ITAGO IV portfolio (or “PCs”) are mainly operating in the **manufacturing and mechanical sectors, which are exposed to risks and opportunities mainly related to**, among other ESG topics, **Occupational Health and Safety and Climate Change.** Therefore, ITAGO has committed to contribute to these two objectives by supporting its PCs in **fighting climate change** by e.g., implementing energy efficiency initiatives, and **improve occupational health and safety**, by e.g., reinforce current H&S protection measures.

For more details, please refer to [ESG in Itago IV section](#).

**PROMOTION OF OCCUPATIONAL HEALTH AND SAFETY**



**CONTRIBUTION TO FIGHTING CLIMATE CHANGE**



# 2. ESG Framework

## The Integration of ESG factors in our Policy

The approach adopted by ITAGO for the integration of ESG factors into the investment process is described in the [ESG Policy](#).

The document outlines ITAGO's ESG commitments and objectives defined for the investment process.

ITAGO has defined ESG commitments that are consistent with the principles on which the Policy is based and include:

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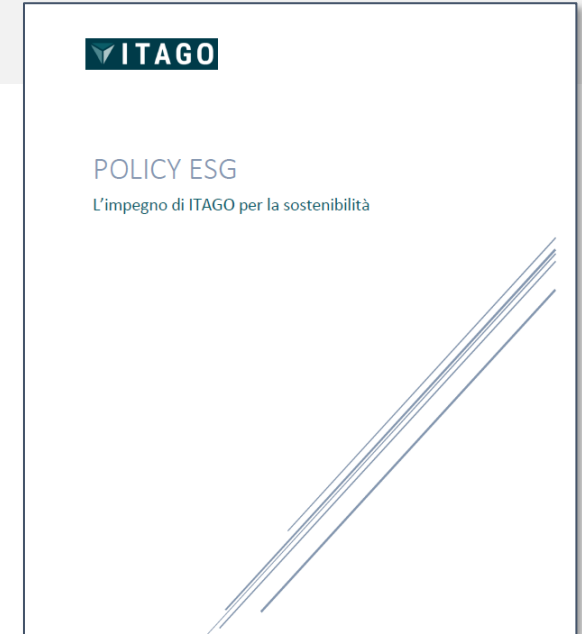
**Minimization of direct environmental impacts** (e.g., paper and energy consumption, emissions from business related travels, etc.).

S

**Promotion of diversity** and inclusion in the workplace;  
Promotion of **work-life balance**;  
Promotion of **volunteer and community engagement** activities;  
Implementation of **fundraising and charitable giving**.

G

Strengthening corporate **governance and integrity**.



### Upcoming activity (2023)

- In line with the Bank of Italy Supervisory Expectations on Climate and Environmental risks, ITAGO intends to **formalize within its ESG Policy, the integration of climate-related and environmental risks** into its ESG governance structure, risk identification and management frameworks.

## 2. ESG Framework

### Our ESG Governance

In order to pursue its commitments and objectives, ITAGO has defined a governance system dedicated to the management of ESG issues.

#### Board of Directors

Supervision is carried out **by the Board of Directors** that approves the ESG Policy and any subsequent revisions, periodically verifying its correct implementation on the basis of the controls carried out by the ESG Manager.

#### ESG Manager

Plays the role of primary interlocutor with investors and stakeholders and the main reference point for sustainability-related aspects for the Asset Manager. The main duties covered are:

- drafting and reviewing the **ESG Policy**;
- **defining the ESG factors** to be integrated within ITAGO operations, in agreement with the Investment Team;
- defining the methods of **periodic evaluation and engagement to be carried out with the investee companies**;
- **presenting** to the Board of Directors the **results of the monitoring activities** on the ESG performance of the Asset Manager and the portfolio companies, in order to enhance good practices and address critical issues.

#### Upcoming activity (2023)

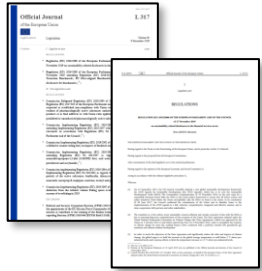
- In line with the Bank of Italy Supervisory Expectations on Climate and Environmental risks, ITAGO intends to formalize roles and responsibilities within the ESG Governance structure regarding the identification and management of **climate risks** within the entire investment activity

#### Investment Sub-Teams

Each **investment sub-team** adopts the approach defined by the Asset Manager for different phases of the investment; in particular, the sub-team has the responsibility to e.g., incorporate ESG factors (including climate-related aspects) into investment strategies, conduct research on sustainability issues, encourage the participation of investment targets and investees in ESG engagement activities deemed useful to manage any ESG risks, identified as material at the pre-investment stage.

# 2. ESG Framework

## Compliance with the Regulatory Framework and adherence to voluntary initiatives



### Compliance with Regulation (EU) 2019/2088

- ITAGO SGR as a participant in the financial markets, provides the disclosure in accordance with Articles 3, 4, 6 and 7 of **Regulation (EU) 2019/2088** on Sustainability Disclosures in the Financial Services Sector "**SFDR Regulation**" and according to the Final Report on Regulatory Technical Standards ("RTS") published by the European Supervisory Authorities. Please refer to the dedicated section on our website for more details on our alignment to EU Regulation 2019/2088 SFDR.

### Alignment to Alignment to Bank of Italy Supervisory Expectations on Climate and Environmental risks

- Considering the increasing importance of climate and environmental risks, the Bank of Italy, in line with similar European Central Bank (ECB) initiatives, has drawn up in 2022 an initial set of Supervisory Expectations on Climate and Environmental risks which focus on the integration of climate-related and environmental risks into business strategies, governance and control systems, risk management frameworks and disclosure of financial intermediaries. Aiming to integrate climate-related risks' management within its ESG strategy, **ITAGO performed a gap assessment between its ESG Roadmap and the Bank of Italy Supervisory Expectations, identifying improvement areas to reach full alignment with the Expectations.** In line with Expectations, ITAGO submitted its Action Plan to the competent Authority in March 2023. The implementation of the plan is ongoing.

### Signature of the Principles for Responsible Investment (UN PRI)

- ITAGO is a **signatory to the Principles for Responsible Investment** ("PRI") promoted by the United Nations as a guideline for integrating ESG aspects into all phases of the responsible investment process. In October 2021 ITAGO SGR signed the **Principles for Investors in Inclusive Finance** (PIIF), a responsible investment framework developed under the **UN PRI initiative for investors** and focused on the dissemination of accessible and responsible financial products and services. In the second semester of the 2023, ITAGO will submit **its first UN PRI questionnaire.**

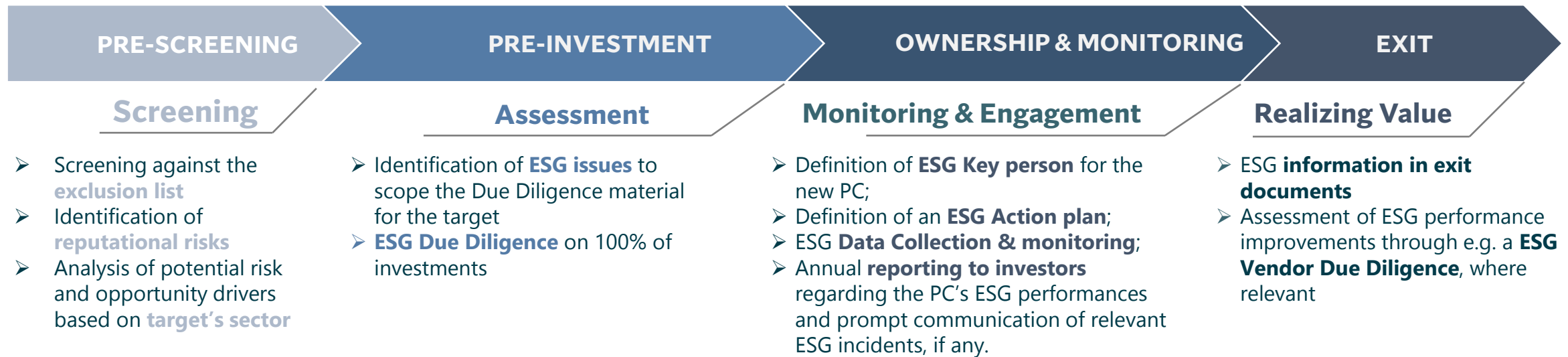


# 2. ESG Framework

## ESG in Our Investment Process

The **integration of ESG factors** is a crucial step to identify risks and opportunities when evaluating potential investments and can represent a significant competitive edge during the ownership phase, through ESG performance monitoring and engagement activities with Portfolio Companies.

In the flowchart below, the integration of ESG factors within the investment process is described:



### Upcoming activity (2023)

- In the first semester of 2023, ITAGO intends to formalize processes for the identification and management of **climate-related risks and opportunities** throughout the **entire investment process**.



## **3. ESG in ITAGO IV**

# 3. ESG in ITAGO IV

## Portfolio sectors



Machinery and equipment to produce packaged ice cream



Accessories for caravan & motorhomes



Design, supply and installation of medical prefabricated systems



Design and production of vacuum evaporation systems.



- 2 facilities in Busnago (MB)



- 3 facilities in Buccinasco (MI)



- 1 facility in Limena (PD)



- 1 facility in Porretta Terme (BO)



- 1 facility Repubblica di San Marino



# 3. ESG in ITAGO IV

## Portfolio KEY DATA 2022\*



**134**  
Employees

+9% vs 2021



**0**  
ESG incidents

In line with 2021

### CONTRIBUTION TO FIGHTING CLIMATE CHANGE

ENVIRONMENTAL

**62%\*\***

Electricity deriving from renewable sources, covered by Certificates of Origin

+12% vs 2021

**1**

PC investing in R&D to develop low carbon product solutions

SOCIAL

**7,2h**

Average hours of training (voluntary and H&S) provided to employees

+200% vs 2022

**100%**

of PCs adopting a H&S Management System and 1 PC obtained the certification according to ISO 45001 standard in 2022.

### PROMOTION OF GOOD GOVERNANCE PRACTICES

GOVERNANCE

**100%**

of PCs adopting an Organizational Model pursuant L. Decree 231/2001, a Code of Ethics and a whistleblowing system

## Key Planned actions for FY2023 across portfolio:

- Support PCs in improving ESG data collection maturity, including support to perform a GHG inventory.
- Support PCs in defining and implementing their ESG action plan.

\* Since the investment was performed in December 2022, Eco-Techno Srl was not engaged in the 2022 ESG performance monitoring activity.

\*\* Energy data refer to Teknoice and SR Mecatronic – data for Operamed were not available. One of the fund's PCs purchases part of its electricity through a contract covered by Certificates of Origin.





## **4. Next steps**

## 4. Next steps

Over the last year, ITAGO has made significant progresses in structuring and developing its Responsible Investment approach. We have for instance consolidated and strengthened our ESG framework, though the development of the identified 2022 actions reported in our ESG roadmap and disclosed in our annual report.

Going forward, **we are committed to continuing to strengthen our approach towards responsible investing**. Specifically, we are planning to implement the following activities in 2023:



Activity performed in the first semester 2023



Activity ongoing

Define and implement an **Action Plan to respond to Bank of Italy** Supervisory Expectations on environmental and climate risks\*

Perform a **high-level climate risks screening** for assessing the potential exposure of ITAGO IV portfolio climate risks

**Update our ESG Policy, Responsible Investment procedure and SFDR disclosures**

Perform annual **ESG data collection** process and publish the first **PAI-compliant disclosure on our website**

Submit our first **UN PRI questionnaire\*\***

Continue the ESG engagement activity with our PCs

\*The Action Plan responding to Bank of Italy expectation was developed in March 2023, implementation is ongoing.

\*\*First UNPRI questionnaire was submitted in September 2023.

**CONTACTS:**

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[ITAGO Website](#)

